

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 250763

GENEVA FOR PHELAN

E.O. 11652:GDS

TAGS: ETRD, IN

SUBJECT: US/INDIAN TEXTILE CONSULTATIONS.

1. AT THE CONCLUSION OF THEIR TEXTILE TALKS IN DELHI IN AUGUST, THE U.S. AND INDIAN DELEGATIONS AGREED THAT THE NEXT STEP IN THE CONSULTATIONS WOULD BE A REPORT ON THEIR STATUS BY ADDITIONAL SECRETARY KAUL, THE HEAD OF THE INDIAN DELEGATION, TO THE HEAD OF THE U.S. DELEGATION, MINISTER MICHAEL B. SMITH. AFTER RECEIVING KAUL'S REPORT THE INTERESTED U.S. GOVERNMENT AGENCIES WOULD CONSULT WITH EACH OTHER AND THE TEXTILE INDUSTRY TO DETERMINE THE APPROPRIATE NEXT STEPS TOWARD RESOLUTION OF THE TEXTILE PROBLEMS LISTED BY THE GOVERNMENT OF INDIA.

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KAUL'S LETTER, A COPY OF WHICH WAS SENT TO THE EMBASSY,

WAS RECEIVED HERE IN EARLY SEPTEMBER.

2. ON SEPTEMBER 29 U.S. TEXTILE DELEGATION HEADED BY SMITH, MET WITH INDIAN EMBASSY DELEGATION, HEADED BY MINISTER DIXIT TO PRESENT U.S. RESPONSE TO KAUL LETTER. U.S. BEGAN BY NOTING THAT LETTER REITERATED GOI REQUESTS WITHOUT SUGGESTING MEANS BY WHICH THESE REQUESTS MIGHT BE ACCOMODATED WITHIN KNOWN LIMITS OF U.S. TEXTILE POLICY. U.S. STATED THAT TREATMENT OF PRODUCTS MADE OF HAND-LOOMED FABRIC AND GOI INTEREST IN INCREASING LEVELS

OF TRADE IN OTHER PRODUCTS REMAINED THE MAIN OUTSTANDING ISSUES. U.S. SAID THAT PROGRESS TOWARD RESOLUTION OF THESE ISSUES MUST BE RELATED TO THE TREATMENT OF HAND-LOOM PRODUCTS IN THE MFA, TO THE RESULT OF DELIBERATIONS IN GENEVA ON THE FUTURE OF THE MFA AND TO THE LONG-TERM BILATERAL RELATIONSHIP. THE U.S. STATED THAT OPPORTUNITIES FOR PROGRESS ON THE BILATERAL ASPECTS OF THESE INTER-RELATED ISSUES WOULD APPEAR TO BE BETTER AFTER THE TEXTILE COMMITTEE MEETING SCHEDULED TO BEGIN NOVEMBER 30 IN GENEVA.

3. MINISTER DIXIT SAID THAT HE HAD BEEN AUTHORIZED BY THE GOI TO STATE ITS WILLINGNESS TO ACCEPT ENFORCEABLE, QUANTITATIVE LIMITS ON PRODUCTS MADE OF HAND-LOOM FABRIC BUT THAT THE GOI FOUND PUBLIC RECORDING OF SUCH A LIMITATION AN EMBARRASSMENT IN ITS EFFORTS TO AVOID RESTRICTIONS BY THE EEC ON INDIAN EXPORTS OF SIMILAR PRODUCTS. UPON INQUIRY BY SMITH, DIXIT STATED THAT INDIA HAD INFORMED THE EEC THAT IT WAS SEEKING REMOVAL OF THE U.S. LIMIT ON THESE PRODUCTS AND HAD EMPHASIZED TO THE EEC THAT THE LIMIT WAS ENTIRELY THEORETICAL SINCE IT EXCEEDED CURRENT TRADE LEVELS.

4. THE U.S. WELCOMED CONFIRMATION ON INDIA'S UNDERSTANDING OF THE U.S. NEED TO ASSURE ORDERLY MARKETING OF TEXTILE PRODUCTS MADE OF HAND-LOOM FABRICS. SMITH SAID THAT THE U.S. AND INDIA NEED TO EXPLORE FURTHER MEANS OF PROVIDING SUCH ASSURANCES WITHOUT SUBJECTING INDIA TO WHIPSAW ACTION BY EEC. HE NOTED THAT THE U.S. CONFIDENTIAL

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HAD FOUND SERIOUS LEGAL AND PROCEDURAL PROBLEMS WITH CONFIDENTIAL ARRANGEMENTS.

5. MINISTER DIXIT EXPRESSED SOME CONCERN THAT A DELAY IN RESOLVING OUTSTANDING ISSUES WOULD PRESENT DIFFICULTY TO THE GOVERNMENT OF INDIA IN ADMINISTERING ITS TEXTILE EXPORTING PROGRAM. SMITH REPLIED THAT THE U.S. UNDERSTOOD THIS CONCERN AND WOULD GIVE INDIA HIGHEST

PRIORITY ON ITS BILATERAL NEGOTIATING SCHEDULE. HE
TOLD MINISTER DIXIT THAT THE U.S. WOULD WELCOME REPORTS
FROM INDIA ON THE EXPECTED RATE OF SHIPMENTS IN VARIOUS
CATEGORIES, EMPHASIZING THAT THE U.S. WISHED TO AVOID
ANY UNNECESSARY DISRUPTION OF INDIAN TEXTILE EXPORTS.

6. DIXIT STATED THAT HE WOULD FORWARD U.S. RESPONSE TO
HIS GOVERNMENT AND REPEATED HIS HOPE THAT TWO GOVERNMENTS
COULD BE ABLE TO RESOLVE THESE OUTSTANDING ISSUES IN
EARLY 1977. ROBINSON

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